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Suzanne Henderson

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Tarrant County Texas

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5 Pages

CHEAPEAKE ENERGY CORP.
ATTN: RECORDING TEAM
P.O. Box 18496
Oklahoma City, OK 73154

Submitter: Chesapeake Operating, Inc.

DOCUMENT E-RECORDED
IN THE COUNTY RECORDS

DO NOT DESTROY

WARNING – THIS IS PART OF THE OFFICAL RECORD

ELECTRONICALLY RECORDED
BY SIMPLIFILE

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

10177062
OIL & GAS LEASE
(PAID-UP LEASE)

NON-SURFACE USE

THIS AGREEMENT made effective as of the 9 day of April, 2008 by and between Daniel H. Zeligson and Coleman L. Robinson, Trustees, as Lessor and Chesapeake Exploration, L.L.C., whose address is 6100 N. Western Avenue, Oklahoma City, OK 73118.

WITNESSETH:

1. Grant. Lessor in consideration of ten or more dollars and other good and valuable consideration paid to each of the undersigned the receipt and sufficiency of which are hereby acknowledged, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of investigating, exploring, prospecting and drilling for and producing and marketing oil and gas, the following described lands (hereinafter referred to as the "Lands") located in Tarrant County, Texas and the exclusive right to conduct exploration, geologic, and geophysical tests and surveys, to drill to, under or through the Lands and to produce, save, take care of, treat, transport, and own oil and gas in, under and/or produced from said Lands.

Property Description:

7.011 acres of land, more or less, being out of the A. Castillo Survey, A-272, and being a part of that certain 9.867 acre tract of land described as Parcel 3 in that certain Special Warranty Deed dated May 12, 1994 (filed May 17, 1994) by and between Hulen Meadows, L.P., as grantor, and Irvin E. Frank et al, as Trustees, as grantee, being recorded in Volume 11582, Page 2062, Official Public Records of Tarrant County, Texas, less and except that certain 2.856 acres of land as described in document number D206150255 (filed May 18, 2006); said land also being the same land described in the Tarrant Appraisal District records as Tract 3J (4.582 acres) and Tract 3B (2.51 acres) contained on TAD Map 2030-344 (7.092 acres per TAD records).

2. Primary Term. This Lease is for a term of three (3) years from the effective date hereof ("Primary Term") and so long thereafter as oil and/or gas are produced from the Lands in paying quantities or operations are conducted on said Lands with no cessation of more than (90) consecutive days. The word "operations" as used herein shall mean the drilling, testing, completing, reworking, recompleting, deepening, lengthening, plugging back, or repairing of a well in search for or in a good faith endeavor to obtain production of oil and gas as hereinafter defined.

3. Minerals Covered. This Lease covers only oil and/or gas and other liquid and gaseous hydrocarbons in and under the Lands and any other substances produced in connection therewith from or through a well bore in connection therewith. As used herein "oil and gas" shall refer to the minerals covered by this Lease.

4. Royalty. On oil and gas produced from the Land, Lessee shall pay Lessor the following royalty.

- (a) On oil and other hydrocarbons liquid at atmospheric temperatures and pressures, an undivided twenty-five (25%) percent ("Royalty Percentage") of such production to be delivered free of cost to Lessor's credit into the tank or pipeline to which the wells producing the same may be connected ("Delivery Point").
- (b) On gas, casinghead gas and other gaseous hydrocarbons, processed liquid hydrocarbons associated therewith and other substances covered by this Lease, except those set forth in subsection (a), produced, saved and sold from the Lands, the Royalty Percentage of the proceeds realized by Lessee from the sale of such production and liquids at the point the same is sold to an unaffiliated third party or regulated utility ("Sales Point"), provided however, if such production is processed in facilities owned by Lessee or an affiliate of Lessee, then such royalty shall be the higher of that set forth above, or of the market value of such production at the inlet side of the plant.
- (c) Lessee shall disburse or cause to be disbursed to Lessor, its royalty on production due it under the terms of this Lease from a particular well within three (3) months following the first month in which production is first sold from such well and thereafter on or before the end of the second month after the month of such production, provided however Lessee may accumulate and pay any royalty payments due Lessor hereunder until the amount to be paid Lessor equals the sum of one hundred (\$100) dollars or the first day of December, whichever occurs first. If such royalty is not timely paid, it shall bear interest at a rate of twelve (12%) per annum until paid. This provision shall not apply to and the payment of royalty may be suspended with respect to production from or attributable to any part of the Lands which is subject to a good faith title dispute.
- (d) Lessor's royalty shall not bear the costs and expenses of production, separation, gathering, dehydration, compressing, transporting, processing, treating storing or marketing the oil and gas incurred prior to the Delivery Point or Sales Point. Lessor's royalty shall bear its proportionate part of all applicable severance, ad valorem and production taxes.
- (e) Lessor shall be paid its Royalty Percentage of all take or pay payments and other payments received by Lessee made in settlement of any disputes arising out of or in connection with the sale of the oil and gas from the Lands attributable to Lessor's Royalty Percentage of such production.
- (f) The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all time hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Lands or pipeline company transporting production from the Lands, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid.

5. Extension of the Primary Term. It is hereby understood and agreed by and between Lessor and Lessee that at any time during the final year of the Primary Term, Lessee may, at Lessee's option, extend the Primary Term for an additional term of two (2) years by paying to Lessor an amount equal to the original bonus amount. If at the expiration of the Primary Term, as the same may be extended by the exercise of said option, Lessee is then engaged in operations for the drilling or reworking of a well on said Lands or lands pooled therewith or has conducted such operations within sixty (60) days of such date, then this Lease shall not terminate and the Primary Term shall be extended or further extended for a period of (i) one hundred eighty (180) days or (ii) until such operations result in either a well completed as a well capable of producing oil and/or gas in paying quantities or a well to be plugged and abandoned, whichever occurs first.

6. Termination. Upon the expiration of the Primary Term of this Lease as the same may have been extended pursuant to the provisions set forth in Section 5 hereof, this Lease shall terminate as to all depths in and under the Lands lying below one hundred (100') feet below the stratigraphic equivalent of the base of the deepest formation in which a well producing or capable of producing oil and gas in paying quantities from the Lands or lands pooled therewith has been drilled.

7. Pooling. Lessee shall have the right and power in its discretion to pool or combine, as to any one or more strata or formations, this Lease and the Lands or any portion of thereof with other lands covered by this Lease or with other lands, lease or leases in the vicinity thereof. The above right and power to pool and unitize may be exercised with respect to oil, gas or other minerals, or any one or more of said substances, and may be exercised at any time and from time to time during or after the primary term, and before or after a well has been drilled, or while a well is being drilled. Pooling in one or more instances shall not exhaust the rights of Lessee to pool said Land or portions thereof into other units. Units formed by pooling as to any stratum or strata need not conform in size or area with units as to any other stratum or strata, and oil units need not conform as to area with gas units. Units pooled for oil hereunder shall not substantially exceed 80 acres each in area plus a tolerance of 10% thereof, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each, plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. The pooling for gas hereunder by Lessee shall also pool and unitize all associated liquid hydrocarbons and any other respective constituent elements as may be produced with the unitized gas, and the royalty interest payable to Lessor thereon shall be computed the same as on gas. With respect to any such unit so formed, Lessee shall execute in writing an instrument or instruments identifying and describing the pooled acreage and file same for recording in the office of the County Clerk in the county in which said pooled acreage is located. Such pooled unit shall become effective as of the date provided for in said instrument or instruments, but if said instrument or instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filed for record. Any unit so formed may be re-formed, increased or decreased, at the election of Lessee, at any time and from time to time after the original forming thereof by filing an appropriate instrument of record in the County in which the said pooled acreage is located. Any such pooled unit established in accordance with the terms hereof shall constitute a valid and effective pooling of the interests of Lessor and Lessee hereunder regardless of the existence of other mineral, non-executive mineral, royalty, non-participating royalty, overriding royalty or leasehold interests in Lands within the boundary of any pooled unit which are not effectively pooled therewith. Lessee shall be under no duty to obtain an effective pooling of such other outstanding interests in Lands within the boundary of any pooled unit. Operations on or production of oil and/or gas from any part of the pooled unit which includes all or a portion of the Lands, regardless of whether such operations were commenced or such production was secured before or after the date of this Lease or the date of the instrument designating the pooled unit, shall be considered for all purposes, except the payment of royalties, as operations on or production of oil or gas from the Lands whether or not the well or wells be located on said Land. The production from an oil well will be considered production from the Lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the Lease or gas pooled unit from which it is producing and not from an oil pooled unit. In lieu of royalties above specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of acreage of the Lands placed in the unit bears to the total acreage within the boundaries of the unit, and shall remain subject to the rights of Lessee to reduce proportionately Lessor's royalty as hereinafter provided. Lessee may vacate all or any portion of the unit formed by it hereunder by instrument in writing filed for record in said county at any time when there is no unitized substance being produced from such unit.

8. Proportionate Reduction. If Lessor owns less than the entire mineral fee estate in the Lands, or any portion thereof, then the royalties, shut-in royalties, option bonus and any other payments due hereunder to such Lessor with respect to such Lands or portions thereof shall be reduced to that proportion thereof which the mineral fee estate owned by Lessor in such lands bears to the entire mineral fee estate in such lands.

9. Offset Wells. In the event a well (an "offsetting well") producing oil or gas is completed on adjacent or nearby land and is draining the Lands and if there is no well then located on the Lands capable of producing such oil and gas, Lessee must, within one hundred and eighty (180) days after the initial production from the offsetting well commence operations for the drilling of such an offset Well as would a reasonably prudent operator under the same or similar circumstances, and must diligently pursue those operations to the horizon in which the offsetting well is producing, if there is no well on such lands then producing from such horizon, or at the option of Lessee pay Lessor as a royalty each month a sum equal to the royalty that would be payable under this Lease on a that proportionate part of the production from the offsetting well that would be allocable to that part of the Lands that would be included in a proration unit for such well established in accordance with the governing rules of the Texas Railroad Commission for such producing horizon, with the wellbore at the center of such proration unit. An offsetting well producing from a perforation located within three hundred (300') feet of the Lands shall be presumed to be draining the Lands.

10. Transfers of Ownership. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in such ownership of said Lands, royalties or other payments due hereunder, however accomplished, shall operate to enlarge the obligation or diminish the right of Lessee, and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished notice of such change together with a certified copy of recorded instrument or instruments evidencing same or evidence satisfactory to Lessee. In the event of assignment of this Lease in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach.

11. Notices. All notices will be deemed given by Lessor to Lessee when sent by certified or registered letter return receipt requested, properly addressed to Lessee at the address set forth above and deposited in the United States mail, postage prepaid. All notices from Lessee to Lessor shall be deemed given when sent by mail properly addressed to Lessor at the address set forth below and deposited in the United States mail, postage prepaid. Additionally, Lessee may hand deliver said notices to Lessor by delivering said notices to the address set forth below. No change of address shall be effective on either Lessor or Lessee until thirty (30) days after such party has received written notice of such change.

12. Notice of Breach. In the event Lessor considers that Lessee is not complying with the terms and provisions of this Lease, Lessor shall notify Lessee in writing of such fact and the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have ninety (90) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this Lease. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of ninety (90) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. The breach by Lessee of any obligation arising hereunder with respect to one Lessor shall not be considered a breach with respect to any other Lessor.

13. Force Majeure. Except for the payment of money then due and owing, should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting operations thereon, or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment, services or material, or by operation of force majeure, any Federal or State Law, or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting operations on or from producing oil or gas from said Land; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. The specification of causes of force majeure herein enumerated shall not exclude other causes from consideration in determining whether Lessee has used reasonable diligence wherever required in fulfilling any obligations or conditions of this lease, express or implied, and any delay of not more than six (6) months after termination of force majeure shall be deemed justified. All terms and conditions of this lease, whether express or implied, shall be subject to all Federal and State Laws, Executive Orders, Rules, or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Surface Protection. This Lease shall not cover and Lessee shall not have the right to conduct any operations of any kind or character on the Lands from the surface of the Lands to a depth of two hundred (200') feet beneath the surface of the Lands, and therefore Lessee may not conduct any operations or place any wells, facilities or other property and equipment on such lands as to such depth. Nothing in this Lease shall prevent Lessee from conducting subsurface operations below such depths in and under the Lands and Lessee is granted a permanent easement to drill wells to, under and through the Lands below such depth from and to other lands and to complete and produce oil and gas from or through such wellbores. For purposes of this Lease, wells commenced on other lands which are permitted to be drilled to or under the Lands or lands pooled therewith shall be considered as being located on the Lands to the extent that operations on or in such wells shall be considered as operations on the Lands.

15. Indemnity. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE INCLUDING THOSE FOR INJURY TO OR DEATH OF PERSONS, LOSS OR DAMAGE TO PROPERTY, TRESPASS OR NUISANCE, AND INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY, OR RESULTING FROM LESSEE'S OPERATIONS IN OR UNDER THE LANDS, LESSEE'S MARKETING OF PRODUCTION FROM THE LANDS, OR ANY VIOLATION OF ANY LAW, RULE, REGULATION OR ENVIRONMENTAL REQUIREMENTS BY LESSEE AS USED IN THIS SECTION, THE TERM LESSEE INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS.

16. Special Warranty. Each Lessor hereby warrants and agrees to defend the title to the Allocated Acreage from and against any and all claims arising by, through or under Lessor, but not otherwise.

17. Complete Agreement. This lease states the entire contract and agreement between the parties, and no representation or promise, verbal or written, on behalf of either party shall be binding unless contained herein, and this lease shall be binding upon each party executing the same and their successors, heirs, and assigns.

18. Release of Lease. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this Lease as to any part or all of the Lands or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released Lands, minerals or horizons.

19. Counterpart Execution. This Lease may be executed in counterparts and it shall not be necessary for all of the owners of interests in the oil and gas in and under the Lands ("Owners") to join in a single counterpart. The terms and provisions hereof shall be binding upon each undersigned Lessor that executes a counterpart, regardless of whether any other Owners execute a counterpart. Each undersigned Lessor agrees that those pages upon which the undersigned's signature and acknowledgment appear may be removed from a counterpart and compiled into one or more consolidated counterparts for recordation and other purposes.

20. Additional Provisions.

- (a) Notwithstanding anything to the contrary in this Lease, and regardless of the basis used to calculate royalty, Lessor's royalty will never bear, either directly or indirectly, any part of the cost or expenses for producing, separating, gathering, dehydrating, compressing, transporting, trucking, processing, treating, storing, or marketing oil, gas, or other substances produced from the Leased Premises to the point of sale to a non-affiliated party, except for a proportionate part of such post production costs and expenses paid to a non-affiliated party, nor any part of the costs incurred to such point of sale for constructing, operating, or depreciating any Lessee owned or controlled plant or other facilities or equipment used in the handling of such oil or gas.
- (b) Notwithstanding anything to the contrary in this Lease, Lessee will not enter into any contract for sale of production from the Leased Premises extending more than three (3) years from the contract's effective date, unless such contract has provisions for re-determining the price at least yearly. If any such contract, or any renegotiation, termination, renewal, or release of such contract, provides for advance payments; take-or-pay payments; buy-downs or buy-outs of price, volume, or take obligations; liquidated damages; or any other tangible or intangible benefits accruing to Lessee or any of Lessee's subsidiaries or affiliates, Lessor will be entitled to its Royalty Percentage of all such payments or benefits.
- (c) Notwithstanding anything to the contrary in this Lease, if at any time or times after the expiration of the primary term as the same may be extended pursuant to the provisions set forth in Section 5 hereof, there is located on the Lands or lands pooled therewith a well capable of producing gas in paying quantities but gas is not being produced from such lands, and this Lease is not then being maintained by production, operations, or otherwise, Lessee may pay or tender to the Lessor at the Lessor's address set forth herein a sum ("shut-in payment") equal to Fifty Dollars (\$50.00) per acre times the number of acres then covered by this Lease, in the same manner and subject to all of the provisions relating to payment of Royalty under this Lease, on or before the expiration of ninety (90) days from the date gas ceases to be produced from said lands. Upon Lessee's paying such shut-in payment, each such shut-in well will be deemed to be producing gas in paying quantities, and such payment will maintain this Lease in force and effect for a period of one year from the date of payment.

In like manner, with like effect, and upon like payment or tender, on or before the expiration of the one (1) year period for which such prior payment or tender has been made, this Lease may be maintained in force and effect for an additional period of one year.

(d) Notwithstanding anything in this Lease to the contrary, after the date of the first sales of gas produced from the Lands, this Lease shall not be maintained solely under the provisions of this section for a period of more than two (2) consecutive years. Notwithstanding the payment or tender of shut-in royalties, Lessee shall be and remain under the continuing obligation to use reasonable diligence to produce and sell the gas in and under the Lands.

(e) Notwithstanding anything to the contrary in this Lease, if Lessee or his successors to title, exercise its rights and power to pool the acreage covered by this lease for the purposes of creating a gas unit, then in such event, all Allocated Acreage covered by this lease must be placed in said unit so created.

IN WITNESS WHEREOF, this instrument is executed by each undersigned Lessor on the date such execution is acknowledged, but the same shall be effective for all purposes as of the date first above written.

LESSOR:

By: 

~~DANIEL H. ZELIGSON, Trustee~~

By: 

~~COLEMAN L. ROBINSON, Trustee~~

STATE OF OKLAHOMA

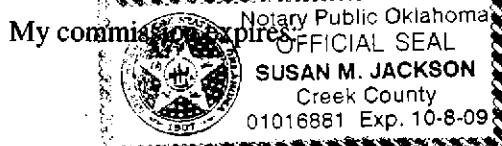
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COUNTY OF TULSA

This instrument was acknowledged before me on this 9th day of April 2008, by DANIEL H. ZELIGSON, as TRUSTEE.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of April, 2008



Notary Public

Record & Return to:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

STATE OF OKLAHOMA

§

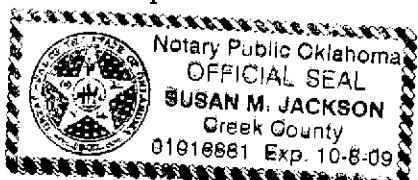
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COUNTY OF TULSA

This instrument was acknowledged before me on this 9th day of April 2008, by COLEMAN L. ROBINSON, as TRUSTEE.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of April, 2008

My commission expires:



Notary Public